Demystifying AI for SMEs

Your Pocket Guide to harnessing AI and boosting your business

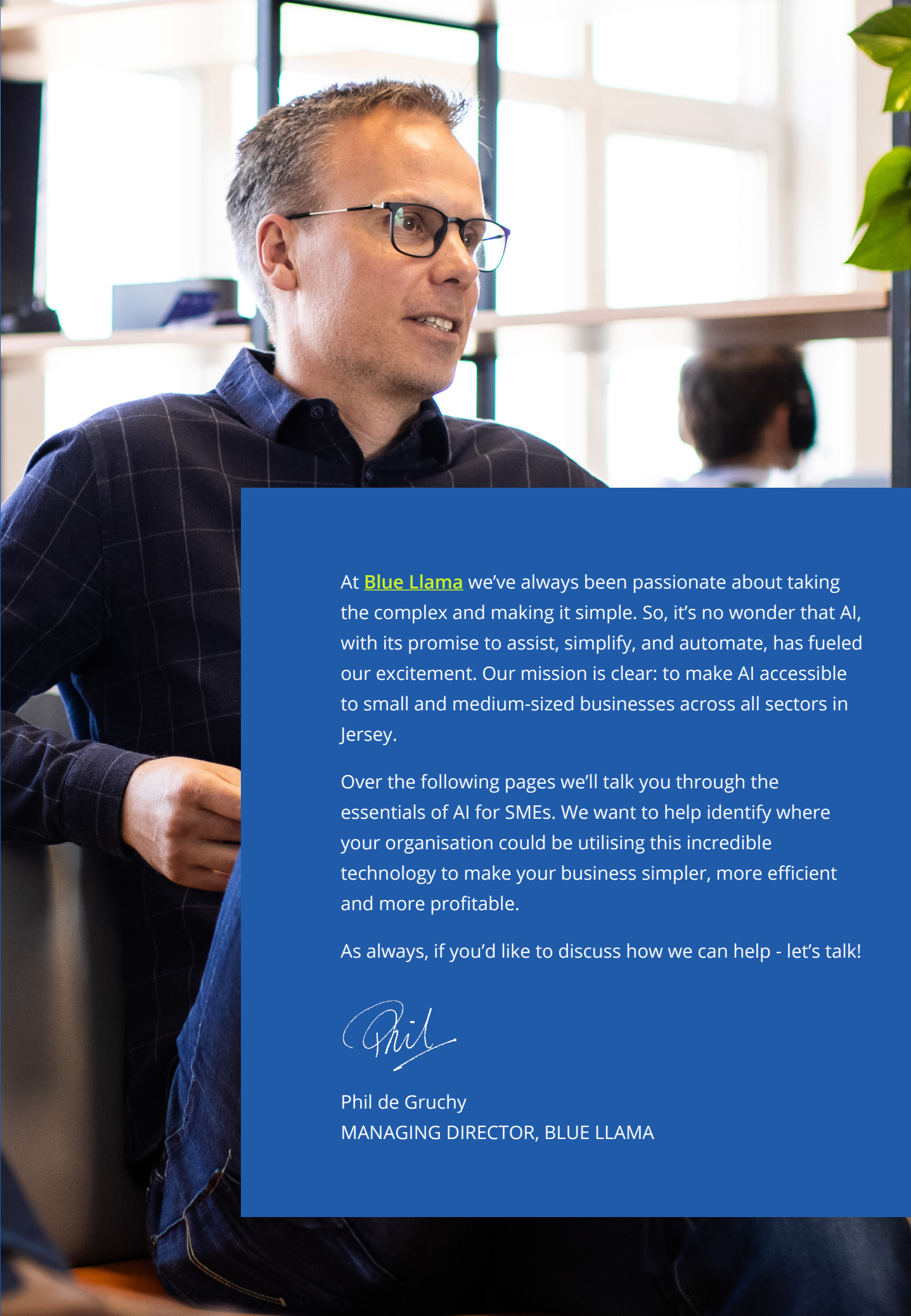**Blue**Llama

Content

At **Blue Llama** we've always been passionate about taking the complex and making it simple. So, it's no wonder that AI, with its promise to assist, simplify, and automate, has fueled our excitement. Our mission is clear: to make AI accessible to small and medium-sized businesses across all sectors in Jersey.

Over the following pages we'll talk you through the essentials of AI for SMEs. We want to help identify where your organisation could be utilising this incredible technology to make your business simpler, more efficient and more profitable.

As always, if you'd like to discuss how we can help - let's talk!

Phil de Gruchy
MANAGING DIRECTOR, BLUE LLAMA

The AI Phenomena

In November 2022, Open AI released ChatGPT 3, and it took the world by storm, amassing one million users within just five days. For many, this was their first glimpse of generative AI and they were astonished at how a chatbot could hold a conversation on any topic, generating its own insights from the mass of information it had been fed.

Discussions online and in person arose on how this technology would evolve and what that would mean for the future of business. A lot of press coverage was devoted to concerns that AI would lead to mass redundancies, not only in lower-paid jobs but also in skilled and creative occupations such as law, accountancy, computer programming and marketing.

Innovative companies started investigating how they could harness AI to make their business more productive and gain a competitive edge. In 2023, AI became a hot topic in the boardroom.

The Growth of AI

According to the latest IBM Global AI Adoption Index, **AI adoption is growing worldwide**, with 35% of companies reporting using AI in their business and 42% reporting that they are considering adopting some form of AI.

The UK is a key player in the artificial intelligence space, **ranking third** behind the US and China. The AI sector adds £3.7 billion to the UK economy and supports a workforce of 50,000 people nationwide.

Yet, there is still much scope for the adoption of AI, especially for small and medium-sized businesses (SMEs). A report by Capital Economics found that larger companies are more likely to adopt AI. Compared to 68% of large companies, only **34% of medium-sized companies** have adopted one or more AI technology.

AI Makes SME Business Owners Nervous

UK business owners are informed and aware of the benefits that AI holds for their companies, but they are nervous about implementing it.

Most SME owners are positive about AI, with many expecting the technology to save their business numerous hours per week. However, others are still on the sidelines. Half of the owners (51%) feel nervous about using AI in their company, and a third (28%) even think AI could ruin their business model.

Several reasons contribute to business owners' hesitancy about adopting AI, including:

- Their lack of technical expertise
- The cost of implementation
- The perception that AI is only relevant to large enterprises
- A lack of clarity about different aspects of AI
- Uncertainty about how to leverage AI
- Worries about AI bias due to the information sources on which it has been trained

It's completely reasonable for businesses to be cautious about using artificial intelligence, especially when it's hard to predict what will happen after adopting such a complex technology. However, the myriad of opportunities AI presents are too significant to overlook.

Now is the ideal time to explore how you can integrate AI into your business by understanding its many uses and starting to experiment with it. Doing this will ensure you benefit from its evolution instead of falling behind your competitors.

Before we discuss how AI can benefit SMEs, let's dispel some common myths surrounding this technology.

Debunking AI Myths

MYTH: AI is Just for Big Business

REALITY

AI technology is increasingly accessible and beneficial for businesses of all sizes, including SMEs. There are many AI tools and services tailored for smaller businesses that are low cost and low complexity.

MYTH: AI Is Expensive

REALITY

The cost of implementing AI solutions varies widely based on the scale and complexity of the project. While some sophisticated AI applications can be expensive, there are many affordable AI tools available. Cloud-based AI services, including language models like ChatGPT and Google Gemini, operate on a pay-as-you-go model, making them more accessible for businesses with smaller budgets. The return on investment (ROI) from AI can also be significant, as it can lead to cost savings and increased efficiency in the long run.

MYTH: AI is Complex

REALITY

The underlying technology of AI is highly complex, but using AI does not necessarily require deep technical expertise. Many AI applications are designed with user-friendly interfaces, allowing non-experts to leverage AI effectively. New low-code and no-code platforms, such as Stack AI, Voiceflow and BotPress, can be used to build business applications. Additionally, there is a growing number of educational resources and training programs available to learn more about AI.

MYTH: AI Isn't Accurate

REALITY

The accuracy of AI depends on various factors, including the quality of the data it has been trained on, the machine learning and deep learning models used, and the use case it is being applied to. No AI system is perfect so errors can occur. These dubious responses, or hallucinations, often emerge from the AI model's inherent biases, lack of real-world understanding, or training data limitations. In other words, the AI system "hallucinates" information that it has not been explicitly trained on, leading to unreliable or misleading responses.

Continuous advancements in AI research and development are improving the accuracy and reliability of AI systems. For example, in internal benchmarks, ChatGPT 4 scored 40% higher on its internal factual performance benchmark than ChatGPT 3. While users need to have realistic expectations and understand the limitations of AI, dismissing it as inherently inaccurate is a misconception.

MYTH: The Workforce Is Resistant to AI

REALITY

Employee attitudes play a significant role in the adoption of AI. Common concerns that AI would replace human employees, and a preference to collaborate with human rather than virtual colleagues have been replaced in some degree by optimism. Almost **40% of UK employees** look forward to the prospect of AI in the workplace. Half of UK employees believe that AI will benefit their careers, leading to the elimination of the repetitive aspects of their work resulting in higher job satisfaction.

Nonetheless, employee concerns about AI shouldn't be dismissed. A forum for open discussions, education and support will promote acceptance. When this is done right, and employees experience the benefits of AI firsthand, companies will benefit from employees that champion the technology.

Demystifying AI – A Snap Course for Non-Geeks

The below is not an exhaustive list of AI terms, and neither are any of the definitions in-depth – they merely serve to make the terms more accessible for business leaders who need to understand a little bit of geeky language to succeed in today's technology-based environment.

What is Artificial Intelligence (AI)?

For the purpose of this White Paper, IBM's definition seems appropriate:

"AI is the ability of a computer system to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages."

In other words, computer systems must be able to think; read and understand text; and hear and understand speech. So machines can perform these tasks that are innate to humans, computer scientists have developed a range of subset AI technologies.

AI is a broad field of computer science with a wide range of sub-technologies each with its own applications.

Machine Learning (ML)

ML uses algorithms to enable systems to learn from data. The computer systems adapt and learn from the data without being directly programmed.

ML also has a subset of technologies:

→ **Natural Language Processing (NLP):** This branch of artificial intelligence enables computer systems to understand, interpret, and generate human language. Chatbots like ChatGPT use NLP to provide a more human conversational experience.

- **Computer Vision:** Instead of understanding and interpreting text, with computer vision, machines can understand and identify objects, people and images. Think surveillance cameras using computer vision to identify security concerns in public spaces.

- **Recommendation Engines:** YouTube, Spotify, Netflix, and Pinterest use recommendation engines to predict what customers will want to buy or consume from the vast amount of behavioural data they have collected from their subscribers.

Predictive Analytics

This is the use of statistical algorithms and machine learning to analyse historical data and predict future trends, helping businesses make informed decisions.

Speech Recognition

AI systems use speech recognition to understand and interpret spoken language, converting it into text or actionable commands. It's how Alexa understands when you ask her to turn off the lights.

Robotic Process Automation (RPA)

Companies use RPA to automate repetitive tasks performed by software robots, boosting efficiency.

Generative AI

The term "generative AI" refers to the ability of special algorithms to not only learn from data but also generate original data. We have seen generative AI rapidly moving from producing written articles and blogs to generating images, videos, audio, and even code.

Large Language Models (LLMs)

LLMs are a special kind of computer system that learns from exposure to vast volumes of data. They learn what words mean and how they relate to each other, which in turn helps them generate language. Generative AI chatbots like OpenAI's ChatGPT and Google's Gemini rely on LLMs to identify patterns and structures within existing data to generate "new" content.

Using AI for Impressive Business Performance

One of the most obvious uses of AI is to exploit its ability to automate tasks. Why enter reams of data or write out invoices if a machine can do it for you?

Businesses can boost productivity and gain a competitive advantage by employing AI to handle routine tasks, from data entry and inventory management to expense tracking and appointment scheduling.

However, the technology can be used for much more than routine tasks. AI can be implemented to streamline the onboarding of new recruits, improve customer service, personalise marketing efforts, forecast market trends, and make sound business judgements, all of which contribute to a winning competitive edge.

The Rise of AI Assistants

With tools like ChatGPT, the days of nonsensical answers to your questions online are gone. As most internet users know by now, ChatGPT can understand any question and conduct a very natural conversation with users.

Businesses can offer the same service. It's possible to build conversational AI trained on your company's information. The following are some examples of data that can a large language model (LLM) can be trained on to create a bespoke AI assistant:

- Policy documents
- Procedure documents
- Website or intranet pages
- Product or service brochures
- Customer data such as purchase history
- Video files
- Audio files

This strategy means AI assistants can be leveraged to perform different functions tailored to the needs of the company.

AI assistants can be used internally by employees to help them perform their tasks or externally by customers to help them find answers to their queries.

In addition, AI assistants can be deployed on different communication channels such as a website, WhatsApp, Instagram, and Messenger or within business applications such as Slack and Microsoft Teams.

Unleashing Your AI Assistant

While an AI assistant trained on your static company information can be beneficial, its potential is amplified when you allow it to both read and write to the app already in use within your business, such as Gmail, Slack, Google Drive, Google Sheets, Salesforce, Zoom, Microsoft Teams, MailChimp, and a plethora of others.

For example, this could involve integration with your CRM to extract information on a customer, your accounting system to generate invoices or your email software to trigger custom responses to incoming messages. These integrations promote a more streamlined and organised work environment, allowing for quick and accurate information retrieval with data constantly updated and available across platforms.

And this magic is easily within the grasps of SMEs. With the rise of no-code workflow automation tools like Zapier and Make.com, these integrations can be added and edited easily and cost effectively, even managed in house when necessary.

Benefits of AI Assistants for SMEs

Cost Saving

Many companies are incorporating AI assistants in their business operations to achieve cost savings. Juniper reported that the total cost savings worldwide from deploying chatbots was **$11 billion in 2022**, a figure that is expected to increase massively now generative AI has become more mainstream.

Increased Employee Productivity

An AI assistant that has been trained on data specific to your company can give employees fast and accurate responses. This saves time and helps increase efficiency and productivity.

AI assistants help to reduce employee workloads by handling repetitive tasks, such as responding to customer requests, scheduling appointments and dealing with customer inquiries.

Increasing Job Satisfaction

By taking over many tasks, AI systems can help ease the pressure on employees, freeing up time for more rewarding work that requires human input. This approach can also improve employees' work-life balance, which, according to a 2022 McKinsey Customer Care report, is a major reason why employees leave their jobs.

Improved Knowledge Flow

The ability of the AI assistant to accumulate, process and understand company-related information can improve knowledge management within the company, making it easier for employees to access the information they need, especially new hires.

The AI system can act as a single source of truth for the entire company, and parts of it can also be made available to customers, who can have their questions answered instantly at any time.

Usually, when an experienced employee leaves the company they take their expertise with them. This doesn't happen when an AI assistant is in place.

Better Business Insights

AI can process both quantitative and qualitative business data from a range of sources, analysing them to identify patterns and insights. This helps gain a comprehensive understanding of the business's operations, including its strengths, weaknesses, opportunities, and threats. Such insights can help business leaders make new and significant decisions.

Practical Applications of AI Assistants

Business leaders are leveraging the genius of digital assistants to benefit their businesses in countless ways.

Transform Customer Service

The most obvious use of AI assistants for business is customer service. In fact, customer service has become **a top generative AI priority** for business leaders, according to the IBM Institute for Business Value.

Customers expect fast, personalised answers delivered efficiently. AI assistants, trained on company data can deliver on that demand. They can:

- Provide answers to any question a customer might have about the company, its services or its products

- Make personalised product suggestions based on the customer's data and previous interactions with the company

- Assist human customer service agents by providing summaries of previous complaints and resolutions that agents can refer to during their interaction with customers

Best of all, these virtual assistants can address customer concerns 24/7/365, massively contributing to customer satisfaction.

Quicker Employee Onboarding

Incorporating AI assistants into the onboarding process can lighten the load for HR professionals and team leaders, while enhancing the experience for new hires during those initial challenging days in a new position.

By automating standard onboarding duties like submitting documents and managing training tasks, as well as offering chatbot support for any information a new staff member may require while familiarising themselves with their role, AI Assistants smooth their introduction to the company and make the process more efficient.

Build an Internal Company Expert

An AI assistant, educated with all the company's data, can serve as the definitive source of information within a business. It can absorb details about the

company's products, services, policies, and procedures. Providing employees with access to this knowledgeable chatbot enables them to ask a wide array of questions and receive prompt, dependable answers.

Improve Decision-Making

AI assistants can process qualitative and quantitative data to identify trends, assess sentiment, and ultimately derive actionable insights. These inputs could be sales data, customer surveys, and website analytics, among other data sources. This analysis can lead to recommendations for marketing strategies, product development, and service enhancements.

Generate new leads

An AI assistant can be enrolled as a valuable member of the marketing team to improve lead generation.

Indeed, 36% of companies are using conversational AI for this purpose, with business leaders finding they can **increase sales by 67%**.

Lead-generation AI assistants use machine learning and natural language processing techniques to identify potential customers, engage them in tailored conversations, gather relevant information, qualify them

against predetermined criteria and guide them through different buying options. These AI assistants can also be integrated into channels like WhatsApp, Instagram, LinkedIn, Facebook or TikTok, helping companies to tap into the rapidly expanding social commerce trend.

Improved Customer Experience

In contrast to human customer service, AI assistants are always available to attend to customer queries and totally consistent in their approach. Moreover, they can handle large volumes of requests and process them all simultaneously, shortening or even eliminating waiting times.

Providing instant and accurate answers to questions enables businesses to deliver fast and hassle-free customer service experiences, which are key to customer loyalty.
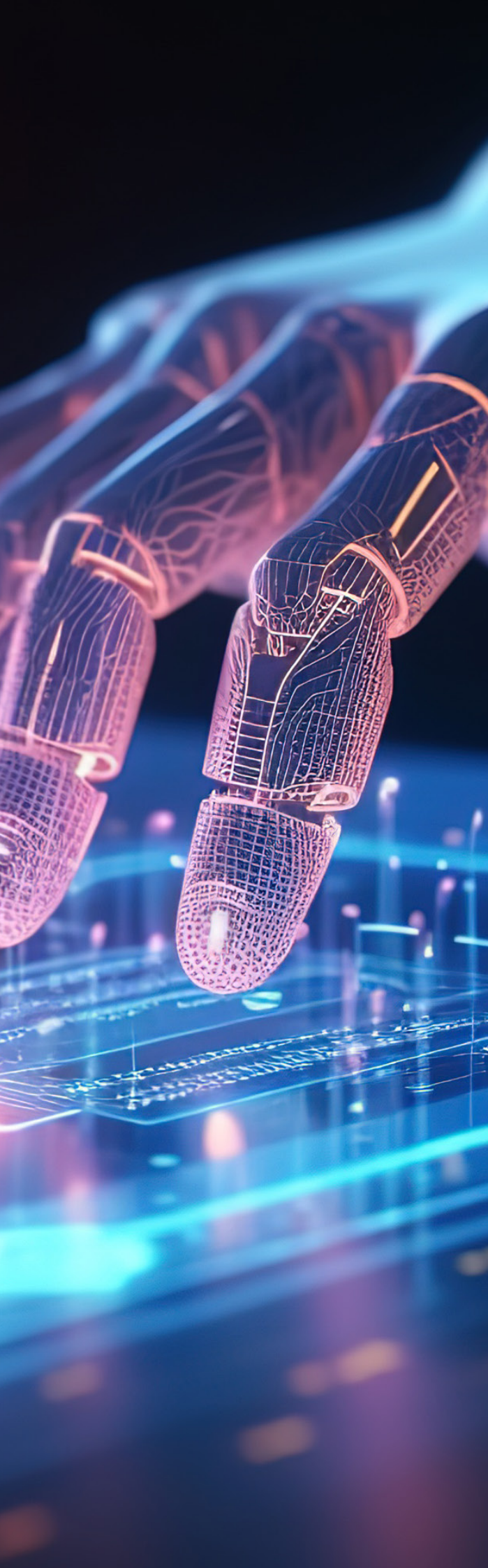
It's Time to Meet Your New AI Assistant

By now, you might realise the importance of embracing generative AI for your business. Companies that begin to explore and experiment with AI are positioning themselves to fully leverage this technology for a competitive edge in the future. If you're unsure about where to start, you're not alone.

However, there's no need to worry. Here at Blue Llama, we're ready to assist you in navigating the process of discovering the most valuable applications of AI Assistants for your business. We'll collaborate with you to examine how your business functions and identify potential areas where AI can streamline operations, cut costs, enhance efficiency, and delight customers.

To arrange a discovery call, visit **bluellama.co.uk/lets-talk** today. It could be the most prudent decision you've made in a long time.

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